



South Korea

VAT Standard rate

VAT standard rate in South Korea in 2023 is 10%, which applies to supplies of goods and import. Export is subject to VAT at the rate of 0%.

VAT registration threshold

There is no registration threshold. Every business that performs taxable activities in South Korea is obliged to register for VAT purposes.

Deductible VAT

Businesses can reclaim input tax by deducting it from output tax. Expenses that are not relevant to the business cannot be claimed for deduction. Input tax also includes VAT charged on goods imported to South Korea.

Registration procedure

Businesses have to apply for business registration online within 20 days starting from the first day of their taxable activity in South Korea. The application form with additional documents can be submitted via website or visiting tax office.

A competent tax office issues a simplified registration of business numbers within 5 days of application after reviewing the information on an applicant (e.g., the existence of actual business, document omission). Then, the number will be notified to the taxpayer (including his/her tax agent) via email.

Keeping records

The period of keeping records in South Korea must be at least five years.

VAT returns filing and payment date

Business must submit returns and pay VAT in South Korea on an annual or semi-annual basis. The deadline is the 25th of the month following the reporting period.

Penalties in South Korea

Penalty for late registration – 1% of the amount of goods delivered.

Penalties for late payment may be applied to a taxpayer if it fails to pay VAT on time. Such penalties are usually calculated as a percent of the amount of the overdue payment and may accrue on a daily basis until the VAT is paid.



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